

Treasury Department,

Bureau of the Mint,

Washington, D. C., January 5, 1899.

Mr. Hugh Craig,
President, San Francisco Chamber of Commerce,
No. 21 Sansome Street, San Francisco, Cal.,

My dear Sir:

Your communication of December 3rd alleging a discrimination in favor of depositors at the U. S. Assay Office at Seattle, addressed to the Secretary of the Treasury, has been referred to this Bureau.

Your protest is directed against the payment for bullion in exchange on Eastern cities, by which I presume you mean, payment in drafts on Subtreasuries in Chicago and New York. While questioning the authority of the Bureau to make payment in this manner, you ask that if it is to be continued, the Superintendent of the Mint at San Francisco shall also be authorized to pay depositors in the same manner.

It seems to me that your contention that the payment by drafts on the Treasury is illegal, because not expressly provided for by law, is not well founded. That is a very common method of payment in all departments of the Government. When the Government has a payment to make at a point where there is no Sub Treasury, according to your theory, it would be obliged to ship money to that place although the party to whom the payment is to be made may be entirely willing and may even be accommodated by payment with a draft on the Treasury.

-2-

While the use of drafts may not be expressly provided for by law, it is certainly not contrary to any law and where it serves the purpose to the satisfaction of all parties concerned, payment by that method appears to be entirely unobjectionable. It has been customary to pay depositors at Seattle by draft because there is no Mint or Sub-Treasury at that point. If payment were to be made in cash it would be necessary for the Government, at considerable expense, to ship currency there for that purpose whereas the depositors are entirely satisfied and even prefer, to receive drafts.

On the other hand, in San Francisco, payment is made in coin, because the gold deposited at that Mint is coined there, and it is therefore not necessary to ship currency to that point.

Payment is made at Seattle in drafts on Eastern Sub-Treasuries, because the bullion received there is shipped East to be coined, and it is not desirable to re-ship it to the Pacific Coast to meet the drafts drawn for its purchase.

Congress has provided that the expense of transporting bullion from Assay Offices to the Mints shall be borne by the Treasury and the rates from Seattle to Philadelphia and from Seattle to San Francisco being the same, it appears that there has been no additional cost to the Government through shipment to Philadelphia and payment by drafts on Eastern Sub-Treasuries.

The bullion received at Seattle has thus far been shipped to Philadelphia for coinage because the cost of transportation to that Mint is no greater than the cost would be to San Francisco. If there

-3-

has been an advantage to the depositors at Seattle in having the bullion shipped to Philadelphia and consequently receiving payment by draft on Eastern Sub-Treasuries, it has been purely an incidental advantage secured by private transaction in exchange outside the purview of the Government.

The policy of shipping bullion from the western Assay Offices to the Philadelphia Mint and ~~the~~ payment in drafts on the Chicago and New York Sub-treasuries was not adopted when the Seattle Office was opened, but had been pursued for some years prior thereto under directions issued by a former Secretary of the Treasury, from considerations of convenience and advantage to the Treasury.

The Assay Offices at Helena, Denver, Boise City and Deadwood have shipped to the same Mint and depositors to those points have been paid in the same manner.


If the deposits made at Seattle are shipped to San Francisco for coinage, the coin must ultimately be shipped again at somebody's expense to the East. While the Government may not bear that additional outlay, it seems to be an offence against economic law to unnecessarily make a shipment which accomplishes nothing and necessarily involves the community in further expense. Shipping gold to San Francisco when it can be delivered at Philadelphia at the same cost seems very much like sending coals to Newcastle instead of to market.

-4-

These, with certain advantages at times to the Treasury, have been the considerations influencing the Bureau to the policy upon which you comment.

I enclose copy of your letter to me, as per your request.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Geo E Roberts".

Director of the Mint.

Treasury Department,
Bureau of the Mint,
Washington, D.C.

January 5, 1899.

Mr. Hugh Craig,
President, San Francisco Chamber of Commerce,
No. 21 Sansome Street,
San Francisco, Cal.,

My dear Sir:

Your communication of December 3rd alleging a discrimination in favor of depositors at the U. S. Assay Office at Seattle, addressed to the Secretary of the Treasury, has been referred to this Bureau.

Your protest is directed against the payment for bullion in exchange on Eastern cities, by which I presume you mean, payment in drafts on Sub-treasuries in Chicago and New York. While questioning the authority of the Bureau to make payment in this manner, you ask that if it is to be continued, the Superintendent of the Mint at San Francisco shall also be authorized to pay depositors in the same manner.

It seems to me that your contention that the payment by drafts on the Treasury is illegal, because not expressly provided for by law, is not well founded. That is a very common method of payment in all departments of the Government. When the Government has a payment to make at a point where there is no Sub-treasury, according to your theory, it would be obliged to ship money to that place although the party to whom the payment is to be made may be entirely willing and may even be accommodated by payment with a draft on the Treasury.

While the use of drafts may not be expressly provided for by law, it is certainly not contrary to any law and where it serves the purpose to the satisfaction of all parties concerned, payment by that method appears to be entirely unobjectionable. It has been customary to pay depositors at Seattle by draft because there is no Mint or Sub-treasury at that point. If payment were to be made in cash it would be necessary for the Government, at considerable expense, to ship currency there for that purpose whereas the depositors are entirely satisfied and even prefer, to receive drafts.

On the other hand, in San Francisco, payment is made in coin, because the gold deposited at that Mint is coined there, and it is therefore not necessary to ship currency to that point.

Payment is made at Seattle in drafts on Eastern Sub-treasuries, because the bullion received there is shipped East to be coined, and it is not desirable to re-ship it to the Pacific Coast to meet the drafts drawn for its purchase.

Congress has provided that the expense of transporting bullion from Assay Offices to the Mints shall be borne by the Treasury and the rates from Seattle to Philadelphia and from Seattle to San Francisco being the same, it appears that there has been no additional cost to the Government through shipment to Philadelphia and payment by drafts on Eastern Sub-Treasuries.

The bullion received at Seattle has thus far been shipped to Philadelphia for coinage because the cost of transportation to that Mint is no greater than the cost would be to San Francisco. If there has been an advantage to the depositors at Seattle in having the bullion

shipped to Philadelphia and consequently receiving payment by draft on Eastern Sub-Treasuries, it has been purely an incidental advantage secured by private transaction in exchange outside the purview of the Government.

The policy of shipping bullion from the western Assay Offices to the Philadelphia Mint and payment in drafts on the Chicago and New York Sub-treasuries was not adopted when the Seattle Office was opened, but had been pursued for some years prior thereto under directions issued by a former Secretary of the Treasury from considerations of convenience and advantages to the Treasury.

The Assay Offices at Helena, Denver, Boise City and Deadwood have shipped to the same Mint and depositors to those points have been paid in the same manner.

If the deposits made at Seattle are shipped to San Francisco for coinage, the coin must ultimately be shipped again at somebody's expense to the East. While the Government may not bear that additional outlay, it seems to be an offence against economic law to unnecessarily make a shipment which accomplishes nothing and necessarily involves the community in further expense. Shipping gold to San Francisco when it can be delivered at Philadelphia at the same cost seems very much like sending coals to Newcastle instead of to market.

These, with certain advantages at times to the Treasury, have been the considerations influencing the Bureau to the policy upon which you comment.

I enclose copy of your letter to me, as per your request.

Very truly yours,
[Signature] George E. Roberts,
Director of the Mint.